

Return of Organization Exempt From Income Tax

2002

Under section 501(c) 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2002 calendar year, or tax year beginning July 1, 2002, and ending June 30, 2003

Check if applicable:
 Address change
 Name change
 Initial return
 Final return
 Amended return
 Application pending

C Name of organization
Council of Chief State School Officers

D Employer identification number
53 0198090

E Telephone number
(202) 336-7000

F Accounting method Cash Accrual
 Other (specify) ▶

G Web site ▶ **CCSSO.org**

J Organization type (check only one) ▶ 501(c) (3) ◀ (insert no) 4947(a)(1) or 527

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 ▶

H and I are not applicable to section 527 organizations
H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates ▶
H(c) Are all affiliates included? Yes No (If "No," attach a list. See instructions.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No
I Enter 4 digit GEN ▶
M Check ▶ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF)

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 17 of the instructions)

Revenue	1 Contributions, gifts, grants, and similar amounts received					
	a Direct public support	1a	6,769,622			
	b Indirect public support	1b				
	c Government contributions (grants)	1c	8,454,576			
	d Total (add lines 1a through 1c) (cash \$ 15,224,198 noncash \$)	1d			15,224,198	
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2			2,052,018	
	3 Membership dues and assessments	3			1,723,855	
	4 Interest on savings and temporary cash investments	4			84,285	
	5 Dividends and interest from securities	5			15,191	
	6a Gross rents	6a				
	b Less rental expenses	6b				
	c Net rental income or (loss) (subtract line 6b from line 6a)	6c				
7 Other investment income (describe ▶)	7					
8a Gross amount from sales of assets other than inventory	(A) Securities		(B) Other			
	115,114	8a				
	145,856	8b				
	-30,742	8c				
d Net gain or (loss) (combine line 8c, columns (A) and (B))	8d			-30,742		
9 Special events and activities (attach schedule)	a Gross revenue (not including \$ of contributions reported on line 1a)	9a				
	b Less direct expenses other than fundraising expenses	9b				
	c Net income or (loss) from special events (subtract line 9b from line 9a)	9c				
10a Gross sales of inventory, less returns and allowances	10a					
	b Less cost of goods sold	10b				
	c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c				
11 Other revenue (from Part VII, line 103)	11					
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12			19,068,805		
Expenses	13 Program services (from line 44, column (B))	13		17,630,664		
	14 Management and general (from line 44, column (C))	14		1,365,765		
	15 Fundraising (from line 44, column (D))	15		190,378		
	16 Payments to affiliates (attach schedule)	16				
	17 Total expenses (add lines 16 and 44, column (A))	17			19,186,807	
Net Assets	18 Excess or (deficit) for the year (subtract line 17 from line 12)	18			-118,002	
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19			1,367,733	
	20 Other changes in net assets or fund balances (attach explanation)	20			143,506	
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21			1,393,237	

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Part II Statement of Functional Expenses All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See page 21 of the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22 Grants and allocations (attach schedule) (cash \$ _____ noncash \$ _____)	22			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc.	25	327,212	17,315	309,897
26 Other salaries and wages	26	4,084,272	3,225,892	829,568
27 Pension plan contributions	27	388,378	285,525	100,316
28 Other employee benefits	28	357,146	264,202	90,598
29 Payroll taxes	29	326,399	239,960	84,307
30 Professional fundraising fees	30			
31 Accounting fees	31	10,500	10,500	
32 Legal fees	32			
33 Supplies	33	374,881	123,568	247,771
34 Telephone	34			
35 Postage and shipping	35	288,185	146,385	137,801
36 Occupancy	36	841,478	351,945	487,304
37 Equipment rental and maintenance	37			
38 Printing and publications	38	280,762	254,298	25,682
39 Travel	39			
40 Conferences, conventions, and meetings	40	3,625,616	3,489,931	123,819
41 Interest	41			
42 Depreciation, depletion, etc. (attach schedule)	42	158,908	158,908	
43 Other expenses not covered above (itemize): a	43a			
b Insurance	43b	28,354	28,354	
c Contracts/Consultants	43c	8,094,716	7,663,938	298,645
d	43d			
e Indirect Costs	43e		1,567,705	-1,567,705
44 Total functional expenses (add lines 22 through 43). Organizations completing columns (B)-(D), carry these totals to lines 13-15	44	19,186,807	17,630,664	1,365,765

Joint Costs Check if you are following SOP 98-2.
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____ (ii) the amount allocated to Program services \$ _____
 (iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See page 24 of the instructions.)

What is the organization's primary exempt purpose? K-12 Education	Program Service Expenses (Required for 501(c)(3) and (4) orgs. and 4947(a)(1) trusts but optional for others.)
a Schedule 5 (Grants and allocations \$ _____)	17,630,664
b (Grants and allocations \$ _____)	
c (Grants and allocations \$ _____)	
d (Grants and allocations \$ _____)	
e Other program services (attach schedule) (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44 column (B), Program services)	17,630,664

Part IV Balance Sheets (See page 24 of the instructions)

Note		Where required attached schedules and amounts within the description column should be for end-of year amounts only		(A) Beginning of year		(B) End of year	
Assets	45	Cash—non-interest-bearing			45		
	46	Savings and temporary cash investments		7,790,109	46	3,865,115	
	47a	47a	690,706				
		b	Less allowance for doubtful accounts		272,104	47c	690,706
	48a	48a					
		b	Less allowance for doubtful accounts			48c	
	49	Grants receivable		1,646,267	49	3,484,985	
	50	Receivables from officers, directors, trustees and key employees (attach schedule)			50		
	51a	51a	Other notes and loans receivable (attach schedule)				
		b	Less allowance for doubtful accounts			51c	
	52	Inventories for sale or use			52		
	53	Prepaid expenses and deferred charges		534,705	53	510,695	
	54	Investments—securities (attach schedule) <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		1,260,779	54	1,388,389	
	55a	55a	Investments—land, buildings, and equipment basis				
		b	Less accumulated depreciation (attach schedule)			55c	
	56	Investments—other (attach schedule)			56		
	57a	57a	1,707,095				
		b	Less accumulated depreciation (attach schedule)		522,382	57c	668,729
58	Other assets (describe <input type="checkbox"/>)			58			
59	Total assets (add lines 45 through 58) (must equal line 74)		12,026,346	59	10,608,619		
Liabilities	60	Accounts payable and accrued expenses		1,913,155	60	3,372,372	
	61	Grants payable			61		
	62	Deferred revenue		8,745,458	62	5,843,010	
	63	Loans from officers, directors trustees, and key employees (attach schedule)			63		
	64a	Tax-exempt bond liabilities (attach schedule)			64a		
		b	Mortgages and other notes payable (attach schedule)			64b	
	65	Other liabilities (describe <input type="checkbox"/>)			65		
66	Total liabilities (add lines 60 through 65)		10,658,613	66	9,215,382		
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74						
	67	Unrestricted		1,234,993	67	1,244,947	
	68	Temporarily restricted			68		
	69	Permanently restricted		132,740	69	148,290	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74						
	70	Capital stock trust principal or current funds			70		
	71	Paid-in or capital surplus, or land, building, and equipment fund			71		
	72	Retained earnings, endowment, accumulated income or other funds			72		
73	Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72 column (A) must equal line 19, column (B) must equal line 21)		1,367,733	73	1,393,237		
74	Total liabilities and net assets / fund balances (add lines 66 and 73)		12,026,346	74	10,608,619		

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See page 26 of the instructions)

a	Total revenue, gains, and other support per audited financial statements ▶	a	19,212,311
b	Amounts included on line a but not on line 12, Form 990		
(1)	Net unrealized gains on investments \$ 143,506		
(2)	Donated services and use of facilities \$		
(3)	Recoveries of prior year grants \$		
(4)	Other (specify) \$		
	Add amounts on lines (1) through (4) ▶	b	143,506
c	Line a minus line b ▶	c	19,068,805
d	Amounts included on line 12, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990 \$		
(2)	Other (specify) \$		
	Add amounts on lines (1) and (2) ▶	d	
e	Total revenue per line 12 Form 990 (line c plus line d) ▶	e	19,068,805

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

a	Total expenses and losses per audited financial statements ▶	a	19,186,807
b	Amounts included on line a but not on line 17, Form 990		
(1)	Donated services and use of facilities \$		
(2)	Prior year adjustments reported on line 20, Form 990 \$		
(3)	Losses reported on line 20, Form 990 \$		
(4)	Other (specify) \$		
	Add amounts on lines (1) through (4) ▶	b	
c	Line a minus line b ▶	c	19,186,807
d	Amounts included on line 17, Form 990 but not on line a		
(1)	Investment expenses not included on line 6b, Form 990 \$		
(2)	Other (specify) \$		
	Add amounts on lines (1) and (2) ▶	d	
e	Total expenses per line 17, Form 990 (line c plus line d) ▶	e	19,186,807

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated see page 26 of the instructions)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (if not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
G Thomas Houlihan Oxford, NC 27565	Executive Director 37.5	216,434	23,554	41,416
Bruce Buterbaugh Potomac Falls VA	Deputy Ex Dir, ISO 37.5	110,778	11,078	420
Schedule 6		0	0	0

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? Yes No
If "Yes," attach schedule—see page 26 of the instructions

Part VI Other Information (See page 27 of the instructions)

		Yes	No
76	Did the organization engage in any activity not previously reported to the IRS? If "Yes" attach a detailed description of each activity		✓
77	Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes		✓
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		✓
78b	b If "Yes" has it filed a tax return on Form 990-T for this year?		
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement		✓
80a	Is the organization related (other than by association with a statewide or nationwide organization) through common membership governing bodies, trustees, officers etc., to any other exempt or nonexempt organization?		✓
	b If "Yes," enter the name of the organization ▶ _____ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt		
81a	Enter direct or indirect political expenditures See line 81 instructions	81a	None
81b	b Did the organization file Form 1120-POL for this year?	81b	
82a	Did the organization receive donated services or the use of materials, equipment or facilities at no charge or at substantially less than fair rental value?	82a	✓
	b If "Yes," you may indicate the value of these items here Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)	82b	
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	✓
83b	b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	✓
84a	Did the organization solicit any contributions or gifts that were not tax deductible?	84a	✓
	b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	85a	
	b Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year	85b	
	c Dues, assessments, and similar amounts from members	85c	
	d Section 162(e) lobbying and political expenditures	85d	
	e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices	85e	
	f Taxable amount of lobbying and political expenditures (line 85d less 85e)	85f	
	g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	
	h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	
86	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12	86a	
	b Gross receipts, included on line 12, for public use of club facilities	86b	
87	501(c)(12) orgs Enter a Gross income from members or shareholders	87a	
	b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	87b	
88	At any time during the year did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	✓
89a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 ▶ None, section 4912 ▶ None, section 4955 ▶ None		
	b 501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	✓
	c Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ _____		None
	d Enter Amount of tax on line 89c, above, reimbursed by the organization ▶ _____		None
90a	List the states with which a copy of this return is filed ▶ District of Columbia	90b	75
	b Number of employees employed in the pay period that includes March 12, 2002 (See instructions)		
91	The books are in care of ▶ The Council Telephone no ▶ (202) 336-7000 Located at ▶ One Massachusetts Ave, NW, #700 Washington, DC ZIP + 4 ▶ 20001-1431		
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92		

Part VII Analysis of Income-Producing Activities (See page 31 of the instructions)

	Unrelated business income		Excluded by section 512 513 or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a Registration fees and Other					304,777
b Program Membership fees					1,747,241
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					1,723,855
95 Interest on savings and temporary cash investments			14	84,285	
96 Dividends and interest from securities			14	15,191	
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	-30,742	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					
103 Other revenue a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))				68,734	3,775,873
105 Total (add line 104, columns (B), (D), and (E))					3,844,607

Note Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 32 of the instructions)

Line No	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
▼	Schedule 9

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 32 of the instructions)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 33 of the instructions)

(a) Did the organization, during the year, receive any funds directly or indirectly to pay premiums on a personal benefit contract? Yes No
 (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
 Note If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here
 Signature of officer: *Bruce Buterbaugh*
 Bruce Buterbaugh, CPA, Deputy Executive Director
 Type or print name and title

Paid Preparer's Use Only
 Preparer's signature: _____
 Firm's name (or yours if self-employed), address, and ZIP + 4: _____



SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

OMB No 1545 0047

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

2002

Department of the Treasury
Internal Revenue Service

Supplementary Information—(See separate instructions)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Name of the organization Council of Chief State School Officers	Employer identification number 53 0198090
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Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions List each one If there are none, enter "None ")

(a) Name and address of each employee paid more than \$50 000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
Richard Deasy Baltimore, MD	Director, AEP, 37 5 hours	138,994	13,899	420
Julia Lara Washington, DC	Deputy Executive Director, SSTA, 37 5	135,554	13,555	420
Patty Sullivan Arlington, VA	Deputy Executive Director, ASA, 37 5	126,231	12,623	420
Joe Simpson Centreville, VA	Deputy Executive Director, LPD, 37 5	120,289	12,029	420
John Olson Burke, VA	Assessment Director, 37 5	113,105	11,310	420
Total number of other employees paid over \$50 000 ▶	24			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions List each one (whether individuals or firms) If there are none, enter "None ")

(a) Name and address of each independent contractor paid more than \$50 000	(b) Type of service	(c) Compensation
Hogan & Hartson 555 13th Street, NW, Washington, DC 20004	Law Firm	102,780
Total number of others receiving over \$50,000 for professional services ▶	None	

Part III Statements About Activities (See page 2 of the instructions)

	Yes	No
1 During the year has the organization attempted to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes" enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>297,760</u> (Must equal amounts on line 38, Part VI A or line 1 of Part VI B) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities	✓	
2 During the year, has the organization either directly or indirectly engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions)		
a Sale, exchange, or leasing of property?		✓
b Lending of money or other extension of credit?		✓
c Furnishing of goods, services, or facilities?		✓
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?		✓
e Transfer of any part of its income or assets?		✓
3 Does the organization make grants for scholarships, fellowships, student loans, etc.? (See Note below)		✓
4 Do you have a section 403(b) annuity plan for your employees?		✓
Note: Attach a statement to explain how the organization determines that individuals or organizations receiving grants or loans from it in furtherance of its charitable programs "qualify" to receive payments.		

Part IV Reason for Non-Private Foundation Status (See pages 3 through 5 of the instructions)

The organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5** A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6** A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7** A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8** A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9** A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶
- 10** An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a** An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b** A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12** An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13** An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6) if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See page 5 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14** An organization organized and operated to test for public safety. Section 509(a)(4). (See page 5 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11 or 12) *Use cash method of accounting*

Note You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting

Calendar year (or fiscal year beginning in)	(a) 2001	(b) 2000	(c) 1999	(d) 1998	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	13,176,898	15,084,904	12,583,053	12,519,998	53,364,853
16 Membership fees received	1,631,385	1,563,044	1,517,067	1,810,872	6,522,368
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	3,095,162	757,571	556,232	488,925	4,897,890
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	253,620	138,838	108,396	74,830	575,684
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets.	-91,968	-40,934	8,249	-7,749	-132,402
23 Total of lines 15 through 22	18,065,097	17,503,423	14,772,997	14,886,876	65,228,393
24 Line 23 minus line 17	14,969,935	16,745,852	14,216,765	14,397,951	60,330,503
25 Enter 1% of line 23	180,651	175,034	147,730	148,869	
26 Organizations described on lines 10 or 11	a Enter 2% of amount in column (e) line 24				26a 1,206,610
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 1998 through 2001 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts.					26b 0
c Total support for section 509(a)(1) test. Enter line 24, column (e).					26c 60,330,503
d Add: Amounts from column (e) for lines 18 575,684 19 _____					26d 443,282
22 -132,402 26b _____					
e Public support (line 26c minus line 26d total)					26e 59,887,221
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 99 %
27 Organizations described on line 12	a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of and total amounts received in each year from each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year:				
(2001)	(2000)	(1999)	(1998)		
b For any amount included in line 17 that was received from each person (other than "disqualified persons") prepare a list for your records to show the name of, and amount received for each year that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:	(2001)	(2000)	(1999)	(1998)	
c Add: Amounts from column (e) for lines 15 _____ 16 _____					27c
17 _____ 20 _____ 21 _____					
d Add: Line 27a total _____ and line 27b total _____					27d
e Public support (line 27c total minus line 27d total)					27e
f Total support for section 509(a)(2) test. Enter amount from line 23, column (e).	27f				
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h %
28 Unusual Grants. For an organization described in line 10, 11, or 12 that received any unusual grants during 1998 through 2001, prepare a list for your records to show for each year the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.					

Part V Private School Questionnaire (See page 7 of the instructions)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter bylaws other governing instrument or in a resolution of its governing body?		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures catalogues and other written communications with the public dealing with student admissions programs, and scholarships?		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program in a way that makes the policy known to all parts of the general community it serves? If "Yes" please describe if "No" please explain (If you need more space, attach a separate statement)		
32	Does the organization maintain the following		
a	Records indicating the racial composition of the student body faculty and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues brochures announcements and other written communications to the public dealing with student admissions, programs and scholarships?		
d	Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain (If you need more space, attach a separate statement)		
33	Does the organization discriminate by race in any way with respect to		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities? If you answered "Yes" to any of the above please explain (If you need more space attach a separate statement)		
34a	Does the organization receive any financial aid or assistance from a governmental agency?		
b	Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b please explain using an attached statement		
35	Does the organization certify that it has complied with the applicable requirements of sections 4 01 through 4 05 of Rev. Proc. 75-50 1975-2 C B 587 covering racial nondiscrimination? If "No," attach an explanation		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions)
 (To be completed **ONLY** by an eligible organization that filed Form 5768)

Check **a** if the organization belongs to an affiliated group Check **b** if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	0
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	297,760
38	Total lobbying expenditures (add lines 36 and 37)	38	297,760
39	Other exempt purpose expenditures	39	18,889,047
40	Total exempt purpose expenditures (add lines 38 and 39)	40	19,186,807
41	Lobbying nontaxable amount. Enter the amount from the following table—		
	If the amount on line 40 is—		
	Not over \$500,000		
	Over \$500,000 but not over \$1,000,000		
	Over \$1,000,000 but not over \$1,500,000		
	Over \$1,500,000 but not over \$17,000,000		
	Over \$17,000,000		
	The lobbying nontaxable amount is—		
	20% of the amount on line 40		
	\$100,000 plus 15% of the excess over \$500,000		
	\$175,000 plus 10% of the excess over \$1,000,000		
	\$225,000 plus 5% of the excess over \$1,500,000		
	\$1,000,000	41	1,000,000
42	Grassroots nontaxable amount (enter 25% of line 41)	42	250,000
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36.	43	0
44	Subtract line 41 from line 38. Enter 0- if line 41 is more than line 38.	44	0

Caution If there is an amount on either line 43 or line 44 you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2002	(b) 2001	(c) 2000	(d) 1999	(e) Total
45	1,000,000	1,000,000	1,000,000	883,800	3,883,800
46					5,825,700
47	297,760	361,834	354,097	308,058	1,321,749
48	250,000	250,000	250,000	250,000	1,000,000
49					1,500,000
50	0	0	0	0	0

Part VI-B Lobbying Activity by Nonelecting Public Charities
 (For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	Yes	No	Amount
a. Volunteers			
b. Paid staff or management (Include compensation in expenses reported on lines c through h)			
c. Media advertisements			
d. Mailings to members, legislators, or the public			
e. Publications or published or broadcast statements			
f. Grants to other organizations for lobbying purposes			
g. Direct contact with legislators, their staffs, government officials, or a legislative body			
h. Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i. Total lobbying expenditures (Add lines c through h)			

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

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PAGE 2, PART II, LINE 42
DEPRECIATION

<u>Description</u>	<u>Date</u> <u>Acquired</u>	<u>Method</u>	<u>Life</u>	<u>Cost</u>	Accumulated Depreciation Prior Years	FY 2002 Depreciation
Furniture & Equipment	Various	SL	Various	\$1,707,095	\$879,458	\$158,908
TOTAL				\$1,707,095	\$879,458	\$158,908

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Description	30-Jun-03		Description	30-Jun-02	
	Principal Amount or Number of Shares	Market Value		Principal Amount or Number of Shares	Market Value
1/10 Berkshire Hathaway	1	72,500	1/10 Berkshire Hathaway	1	66,800
American Tower Corp	5,000	44,250	American Tower Corp	3,000	10,350
Americredit Corp	4,200	35,910			
AOL	250	4,023	AOL	250	3,678
Liberty Media	900	10,404	Liberty Media	2,300	23,000
Baker Hughes Inc	300	10,071	Baker Hughes Inc	300	9,987
Bank of New York	1,100	31,625	Bank of New York	1,100	37,125
Bed Bath and Beyond	300	11,646	Bed Bath and Beyond	300	11,322
Berkshire Hathaway CL B	5	12,150	Berkshire Hathaway CL B	5	11,170
Cisco	300	5,037	UBS Tactical Allocation	2,278	51,144
Citigroup Inc	1,933	82,732	Cisco	300	4,185
Cons Edison	600	25,968	Citigroup Inc	1,733	67,154
Devon Energy	300	16,020	Cons Edison	600	25,050
Dover Motorsports	3,000	12,300	Devon Energy	300	14,784
Gulfterra Energy Partners	700	26,278	Dover Motorsports	3,000	17,100
Hershey Foods	300	20,898	Dover Downs Gaming	2,100	26,880
International S 7 875%	100,000	105,750	El Paso Energy Partners	700	22,309
Intl Speedway	2,000	78,000	Hershey Foods	300	18,750
Johnson & Johnson	300	15,510	International S 7 875%	100,000	106,050
Kraft Foods, Inc	500	16,275	Intl Speedway	2,000	80,000
Markel Corp	460	117,760	Johnson & Johnson	300	15,678
Medtronic	300	14,391	JP Morgan Chase	200	6,784
Microsoft	300	15,384	Kraft Foods, Inc	500	20,475
Nokia	900	14,787	Markel Corp	460	90,620
Penn National Gaming	4,200	172,368	McData Corp CL A	7	62
Pfizer	400	13,660	Medtronic	300	12,855
PW Juniper Crossover	38,819	32,454	Microsoft	300	16,410
Star Gas Partners	1,100	24,167	Motorola	896	13,073
Teppco Partners LP	1,700	62,220	Nokia	900	13,032
UBS AG Buls S&P 500	40,000	34,900	Penn National Gaming	4,200	152,460
UBS AG ENH APP SECS	45,000	46,238	Pfizer	400	14,000
Unumprovident	300	4,024	PW Juniper Crossover	38,819	31,103
Wells Fargo	1,000	50,400	Star Gas Partners	1,100	20,218
			Teppco Partners LP	700	22,435
Totals		\$1,240,099	UBS AG Buls S&P 500	40,000	34,200
			Unumprovident	300	7,635
NTOY Endowment		148,290	Wells Fargo	1,000	50,060
			Worldcom Inc GA MCI Grp	60	102
Total		\$1,388,389	Totals		\$1,128,039
			NTOY Endowment		132,740
			Total		\$1,260,779

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PAGE 3, PART IV, LINE 62
SUPPORT AND REVENUE DESIGNATED FOR FUTURE PERIODS

<u>30-Jun-03</u>		<u>30-Jun-02</u>	
Carnegie Corporation	180,008	Carnegie Corporation	\$257,260
SCASS Project - State Contracts	1,817,481	SCASS Project - State Contracts	1,360,335
Wallace Readers Digest Foundation	2,345,927	Wallace Readers Digest Foundation	5,210,146
McAuliffe	48,304	Prepaid registrations	1,354
SEANet - Various	79,571	Kellogg Foundation - SEANet	15,197
State Indicators	27,237	Surdna - SEANet	50,000
IEA Liaison	4,247	Various - Middles Grades Meeting on NCLB	110,811
Packard Foundation	170,672	INSTAC - State Funded	24,270
Arts Education Partnership - Various	591,987	INTASC - Misc	114,638
Charles Stewart Mott Foundation	11,925	High Poverty Schools Project	18,721
OERI - Missouri	20,113	Packard Foundation	138,780
Health Education	18,715	Kauffman Foundation	44,499
IBM/Harvard	61,009	Annie E Casey Foundation	17,939
APQC	29,003	AT & T Foundation	105,846
PEW Charitable Trusts	54,060	Arts Education Partnership - Various	414,077
School Leaders Licensing	<u>33,157</u>	Charles Stewart Mott Foundation	68,772
Subtotal Grants	5,493,416	OERI - Missouri	166,265
Membership Dues	<u>349,594</u>	Collaboration	12,188
TOTAL	<u>\$5,843,010</u>	Misc Publication revenue	57,091
		APQC	39,273
		PEW Charitable Trusts	32,533
		School Leaders Licensing	<u>77,648</u>
		Subtotal Grants	\$8,337,643
		Membership Dues	<u>407,815</u>
		TOTAL	<u>\$8,745,458</u>

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PAGE 2, PART III, STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

The Council creates and coordinates seminars, educational travel, and study programs that offer many opportunities for the professional growth and development of chief state school officers and their management teams

In addition to providing professional development opportunities for chief state school officers, the Council undertakes projects which address areas of concern at the state level and are designed to strengthen education through each state education agency. Research and resources developed by the Council are widely disseminated to chief state school officers and their state education agency staff.

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PAGE 4, PART V, OFFICERS DIRECTORS AND TRUSTEES

<u>NAME AND ADDRESS</u>	<u>TITLE</u>
Michael E Ward Superintendent State Department of Public Instruction Education Building 301 North Wilmington Street Raleigh, North Carolina 27601-2825	President
Suellen K Read Superintendent State Department of Education Room 229, State House 200 W Washington street Indianapolis Indiana 46204-2798	Vice-President
Ted Stitwill Director State Department of Education Grmes State Office Building East 14th & Grand Streets Des Moines, Iowa 50319-0146	President Elect
Douglas D Chnstensen State Department of Education 301 Centennial Mall, South Post Office Box 94987 Lincoln, Nebraska 68509-4987	Director
David P Dnscoll Commissioner Commonwealth Department of Education 350 Main Street Malden, Massachusetts 02148	Director
Steven O Laing Superintendent State Office of Education 250 East 500 South Salt Lake City, Utah 84111	Director
Wayne Sanstead Superintendent State Department of Public Instruction State Capitol, 11th Floor 600 East Boulevard Avenue Bismark, North Dakota 58505-0440	Director
Valene Woodruff Secretary State Department of Education Post Office Box 1402 Townsend Building, Suite 2 Federal & Loockerman Streets Dover, Delaware 19903-1402	Director
Susan T Zelman Superintendent State Department of Education 25 S Front Street Columbus, Ohio 43215-4104	Director

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SCHEDULE A - ORGANIZATION EXEMPT UNDER 501 (C) (3)
PAGE 3, PART IV-A, LINE 22
OTHER INCOME

2001 Loss on Sale of Securities	(\$91,968)
2000 Loss on Sale of Securities	(40,934)
1999 Gain on Sale of Securities	\$8,249
1998 Loss on Sale of Securities	<u>(7,749)</u>
TOTAL	<u><u>(\$132,402)</u></u>

COUNCIL OF CHIEF STATE SCHOOL OFFICERS**WASHINGTON, D C****2002 - FORM 990 - RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX****PAGE 1, PART 1, LINE 8****GAIN (LOSS) FROM SALE OF ASSETS OTHER THAN INVENTORY**

Security	# Shares	Basis	Amount Received	Gain (Loss)
McData Corp CL A	7	400 43	65 65	(334 78)
JP Morgan Chase & Co	200	10,000 00	5,983 71	(4,016 29)
Travelers Property CL A	17	0 00	269 09	269 09
Travelers Property CL B	35	0 00	555 42	555 42
WorldCom, Inc	61	1,384 26	8 65	(1,375 61)
UBS Tactical Allocation	2286 717	51,620 51	47,792 39	(3,828 12)
Motorola	896	20,181 25	7,669 40	(12,511 85)
Travelers Property CL A	57	0 00	787 09	787 09
Travelers Property CL B	118	0 00	1,634 97	1,634 97
Multimedia Games, Inc	750	15,030 10	16,111 84	1,081 74
Dover Downs Gaming & Entertainment, Inc	2,100	12,973 76	19,560 15	6,586 39
Liberty Media	1,456	34,265 50	14,675 79	(19,589 71)
Totals		145,855 81	115,114 15	(30,741 66)

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PAGE 6, PART VII, ACCOMPLISHMENT OF EXEMPT PURPOSES

93a Fees to cover costs associated with holding various meetings for membership and other educational personnel at which research and best practices, etc are discussed is an integral part of the Council's purpose

Other revenue includes the sale of publications that provide information on important educational issues

93b Consortium fees paid by member states to participate in specific educational projects created to assist states with various education related problems

94 Membership dues in support of the Council's purpose of ensuring quality education for all children

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PAGE 1, PART 1, LINE 20
OTHER CHANGES IN NET ASSETS OR FUND BALANCES

Net Assets, July 1, 2002	
Unrestricted	\$1,234,993
Temporarily Restricted	0
Permanently Restricted	<u>132,740</u>
Subtotal	\$1,367,733
Gain (Loss) for year (Per 990)	(118,002)
Unrealized Gains (Losses) on Securities (net)	<u>143,506</u>
Net Assets, June 30, 2003	<u><u>\$1,393,237</u></u>